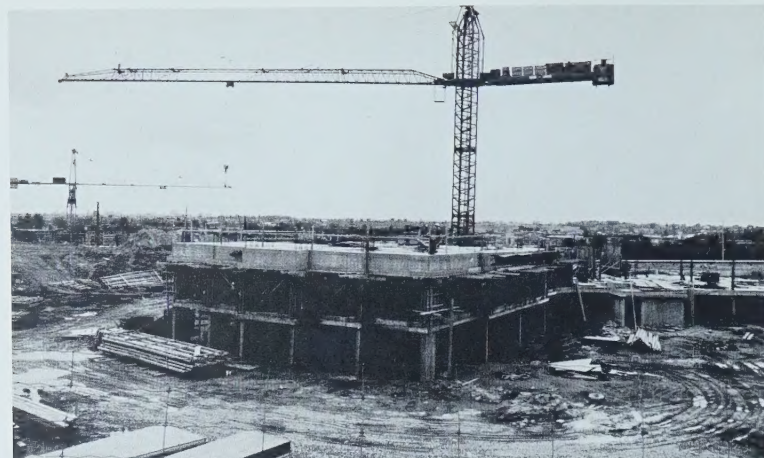


CANADIAN *Goldale* CORPORATION LIMITED
ANNUAL REPORT
FOR THE YEAR ENDING DECEMBER 31, 1967



GRAYDON HALL, Don Mills, Ontario



CONSTRUCTION
NOW UNDERWAY

401
EXPRESSWAY
DON MILLS RD.

CONSTRUCTION
STARTING
JUNE, 1968

PROJECTED
FOR
1969

CONSTRUCTION
STARTING
LATE 1968

GRAYDON
HALL
MANSION

THE
GEORGE HENRY
SECONDARY
SCHOOL

THE COURTLEIGH

*Graydon
Hall
Estates*

METROPOLITAN
TORONTO,
DON MILLS at 401



CANADIAN

Goldale
CORPORATION LIMITED

ANNUAL REPORT

FOR THE YEAR ENDING DECEMBER 31, 1967

FLEMINGDON PARK

GRAYDON HALL

PEEL VILLAGE

PEEL VILLAGE HIGHLANDS

CANADIAN GOLDALE CORPORATION LTD.

COPPERMINE RIVER

THE COURTLEIGH

SHOPPERS WORLD

OFFICERS

K. A. ROBERTS
President and General Manager

C. F. WATSON
Vice-President

P. C. FINLAY, Q.C.
Secretary-Treasurer

DIRECTORS

K. A. ROBERTS, Toronto

C. F. WATSON, Brampton

P. C. FINLAY, Q.C., Toronto

S. L. JASKE, Toronto

A. H. HONSBERGER, Brampton

SOLICITORS

HOLDEN, MURDOCH, WALTON, FINLAY, ROBINSON, PEPALL & HARVEY
2402 Bank of Nova Scotia Building
Toronto, Ontario

AUDITORS

EDDIS AND ASSOCIATES
Toronto, Ontario

REGISTRAR AND TRANSFER AGENT

CANADA PERMANENT TRUST COMPANY
Toronto, Ontario

HEAD OFFICE

2402 Bank of Nova Scotia Building
44 King Street West
Toronto, Ontario

The Story of PEEL VILLAGE (Peel-Elder Limited)

forerunner to PEEL VILLAGE HIGHLANDS

Peel Village, located to the north-west of Metropolitan Toronto, is now famous throughout the country as a model totally planned community, providing residential, apartment, recreational, industrial and commercial facilities. The following pictures indicate, in part, some of the projects that have been completed, resulting in a broad base of experience for your management. From this experience and "know-how", Peel Village Highlands and other developments to follow will be assured of success.

Apartment Building at Peel Village.



A Residential Area in Peel Village.



DIRECTORS' REPORT to the Shareholders

Your Directors submit herewith the Consolidated Financial Statements of your Company and its subsidiary, Goldale Acceptance Limited, as at December 31, 1967, consisting of the Consolidated Balance Sheet as at December 31, 1967, and accompanying Consolidated Statements of Deficit and Profit and Loss for the year ended on that date.

In 1967, your Company made a dramatic change in its type of operation. A series of major transactions have changed its destiny and both the short range and long range outlook are most encouraging.

FLEMINGDON PARK

On May 31, 1967, your Company purchased 880 apartment suites in Flemingdon Park, a strategic location in the Don Mills sector of Metropolitan Toronto. The purchase price was approximately \$10,378,000.00. Mortgages payable at year end were approximately \$9,750,000.00. The mortgages, with interest rates of 6½% to 7% are repayable on easy terms. Approximately \$7,000,000.00 in mortgages, with blended principal and interest payments, mature in 1993 to 1995; approximately \$200,000.00 will be repaid in 1968 and the remainder in 1975. This gives a most favorable debt leverage in relation to the equity invested. The financial results as indicated in your profit and loss statement were anticipated by management prior to the purchase. Income is increasing in 1968 and the increase in revenue will be marked in 1969. The market value of these eight hundred and eighty family units has increased substantially in the past year. We expect this purchase to be most profitable for your Company.

GRAYDON HALL AND NEW ACQUISITION

In 1967, your Company first acquired about 43% of an Ontario Corporation called Normco Limited, and later in the year, purchased an additional 14%. This Company owns one of the most desirable pieces of property for high rise apartment development in Metropolitan Toronto, located at Highway 401 (McDonald Cartier Freeway) between Don Mills Road and the Don Valley Parkway. The remainder of Normco Limited is owned by Peel Elder Limited. Your Company sold, and optioned sufficient shares to the Canadian National Railway Company, Trustee for the Canadian National Railway Pension Trust Fund, to give them 50% of the issued shares of Normco Limited.

The option has been exercised and the transaction provided your Company with more than one million dollars.

Your Company also purchased from Normco Limited thirteen acres on the West side of Don Mills Road South of Highway 401, as well as seven single family lots that back up on the Graydon Hall parkland. This land was purchased on favorable terms to your Company.

Peel Elder Limited (43%) and your Company (7%) now own 50% of Normco Limited. This project is now financed and construction is under way. Your Company, co-guarantor with Peel Elder Limited, of the Normco Limited bank loan at year end will now withdraw from the guarantee. The value of this high rise apartment project, when completed, should be in the neighborhood of eighteen million dollars. Your Company is planning a large development on the land west of Don Mills Road, and although

this is in the early stage of planning, we expect an expenditure on this property of more than ten million dollars.

PURCHASE OF PEEL ELDER SHARES

In order to greatly broaden our real estate base, your Company purchased seventy-five thousand shares of Peel Elder Limited and received an option to purchase an additional 37,500 shares — all at \$11.00 per share. The option will be exercised prior to June 22, 1968. Peel Elder Limited is a diversified real estate company engaged in land development, house building, apartment and town house construction, industrial construction and leasing, shopping centre development and construction. It only builds income producing properties for its own account. It is a well seasoned Company that should become a highly profitable investment for your Company. An active trader on the American Stock Exchange it has recently been trading at \$22.50 U.S. equivalent to about \$24.25 Canadian. It is also listed on the Toronto Stock Exchange, the Canadian Stock Exchange, and the Pacific Coast Exchange (Los Angeles & San Francisco). The quoted market value of your holdings has thus increased to about \$2,700,000.00 at date of this report, after exercise of the option.

With the exercise of the option, your Company will own 18.5% of the issued stock of Peel Elder Limited. Peel Elder Limited, originally a producing gold mine, continues active in mining exploration. It is at present carrying out an exploration program on a sulphur prospect in Nova Scotia.

PEEL VILLAGE HIGHLANDS — a 50% interest

In 1967, after a five year study of the general area, we launched a large scale land assembly in the Preston-Kitchener area of Ontario. The property is located on Highway 401, the main street of Canada that extends from Detroit to Montreal. It is only a short drive west of Peel Village, Brampton, and our land assembly has an extensive frontage on Highway 401 between two limited access clover leaves. It is in the heartland of the great industrial complex of central western Ontario. In this program our participation is 50%, the other 50% being owned by Peel Elder Limited.

On this land we expect to develop a fully integrated city — including industrial, commercial and residential facilities. We expect to develop an even more successful project than our present Peel Village. We believe that, in addition to creating profit for our shareholders, we can create a sociological reform in a highly industrialized area by creating living accommodation for families at a price that they can afford. This is a right which has been lost to many families, due in part to the high cost of housing and the necessity to qualify by size of income for government insured first mortgage financing. We believe that under the free enterprise system we can successfully and profitably meet this great challenge and bring fresh and exciting ideas to housing.

The new development will be called Peel Village Highlands — located on a beautiful plateau overlooking the Grand River. We were honoured last fall to have the Premier of Ontario, the Honorable John Robarts, along with other members of the Federal and Provincial Parlia-

ments, elected and appointed civic officials, the heads of banking and financial institutions and in all, over one thousand people, joined with us in the announcement of this new project.

OTHER INTERESTS

Your Company has operated a small acceptance company (Goldale Acceptance Limited) since 1965. Due to our major move into real estate, your directors have decided to gradually phase out this operation so that the working capital can be better employed. Loans from bank and others to Goldale Acceptance Limited have been reduced since year end by more than \$400,000.00

Your Company retains 26% interest in Shoppers' Bowl-ling Lanes Limited located in Shoppers' World Shopping Centre. Net profit for 1967 was \$5,094.00 after providing for \$45,385.00 in depreciation.

COPPERMINE RIVER IN THE NORTHWEST TERRITORIES

In 1967 your Company acquired over five thousand acres adjoining the south west corner of Coppermine River Limited (PCE et al) where an extensive exploration program for copper is producing exciting possibilities. Exploration work conducted last summer resulted in four surface showings on your Company's property being discovered by surface prospecting. Surface samples, from three of the showings disclosed high grade copper along with some silver and the Company plans further exploration work this summer. Another 3600 acres were acquired to the south east of Coppermine River Limited contiguous to an additional 3600 acres owned by Towagmac Exploration Company, Limited. Incidentally, Goldale owns over 12% of the issued stock of Towagmac and Towagmac in turn owns about 2.7% of the issued shares of Peel Elder Limited, as well as 675,000 shares of Copperville Mining Corporation Limited which is located northwest of Coppermine River Limited.

Your Company retains its property in Timmins, Ontario, located contiguous to McIntyre Porcupine Mines Limited as well as its patent ground in Murphy Township (south of the Texas Gulf find).

OUTLOOK

The greatest social need that faces our country to-day is the need for family living accommodation to house the exploding population increase. Therefore, your Company has undertaken and evolved important long range plans for the future to help fill this housing need and it will be a policy of the Company to participate in all of the various types of accommodation for its own account. Your management believes, because of its background of successful experience within this industry, that this new area of business endeavour within your Company offers an exciting, profitable and ever expanding growth.

Canadian Goldale's equity holding in diversified growth industries has given it new stature and outlook and we invite you to remain a shareholder in that future.

On behalf of the Board,
K. A. ROBERTS,
President.

June 5, 1968.

Canadian Goldale Corporation Limited and its Subsidiary Company
CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1967

ASSETS

| | <u>1967</u> | <u>1966</u> |
|---|---------------------|--------------------|
| <u>Cash, Notes and Accounts Receivable</u> | | |
| Cash | 280,569 | 108,967 |
| Notes receivable (Note 2) | 1,156,153 | 1,182,288 |
| Accounts receivable | <u>204,998</u> | <u>3,176</u> |
| | 1,641,720 | 1,294,431 |
| Investment in other companies (Notes 3 and 4) | 627,008 | 1,273,494 |
| Investment in joint realty development (Note 5) | 21,149 | |
| <u>Revenue Properties</u> | | |
| Land, buildings, furniture and appliances at cost less accumulated depreciation, \$182,783 (Note 6) | 10,289,070 | |
| Mining claims (Note 7) | 89,407 | 55,007 |
| <u>Other</u> | | |
| Office furniture, at cost less accumulated depreciation \$1,432 (1967); \$908 (1966) | 2,098 | 1,613 |
| Sundry accounts receivable | 9,545 | 3,850 |
| | <u>\$12,679,997</u> | <u>\$2,628,395</u> |

LIABILITIES

Demand Loans and Accounts Payable

Bank loan and overdraft — secured
 Loans payable — secured
 Other loans payable
 Accounts payable and accrued charges
 Mortgage payments due within one year
 Tenants' rental deposits
 Estimated corporation taxes payable

Mortgages payable (Note 8)

Capital and Deficit

Capital Stock
 Authorized
 1,000,000 shares of no par value —
 consideration not to exceed \$8,000,000

 Issued and fully paid
 335,680 shares for

 Deficit

Approved on behalf of the Board,

K.A. Roberts

Director

P.C. Finlay

Director

The accompanying Notes are an integral part of these financial statements.

EDDIS & ASSOCIATES

CHARTERED ACCOUNTANTS

ASSOCIATED FIRMS

COLLINS, LOVE, EDDIS, VALIQUETTE & CO.
VANCOUVER · CALGARY · WINNIPEG · TORONTO · MONTREAL
WHITEHILL, EDDIS & CO.
LONDON · ENGLAND · TORONTO · CANADA

TELEPHONE (416) 363-3235

SUITE 1201
110 YONGE STREET
TORONTO 1, CANADA

| <u>1967</u> | <u>1966</u> |
|------------------|----------------|
| 603,899 | 606,014 |
| | 24,000 |
| 73,599 | 85,000 |
| 120,254 | 39,512 |
| 390,609 | |
| 113,738 | |
| <u>3,758</u> | <u>10,576</u> |
| <u>1,305,857</u> | <u>765,102</u> |
| <u>9,358,842</u> | |

AUDITORS' REPORT

To the Shareholders,
Canadian Goldale Corporation Limited.

We have examined the consolidated balance sheet of Canadian Goldale Corporation Limited and its subsidiary company as at December 31, 1967 and the consolidated statements of deficit, operations and source and application of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1967 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Eddis & Associates.

Toronto, Canada,
May 22, 1968.

CHARTERED ACCOUNTANTS.

| | |
|---------------------|--------------------|
| 2,078,726 | 2,078,726 |
| <u>63,428</u> | <u>215,433</u> |
| <u>2,015,298</u> | <u>1,863,293</u> |
| <u>\$12,679,997</u> | <u>\$2,628,395</u> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 1967

1. Principles of consolidation

Included in the consolidation are the accounts of Goldale Acceptance Limited, a wholly-owned subsidiary company, for the fiscal years ended December 31, 1967 and December 31, 1966.

Inter-company interest charges of \$26,520 in 1967 and \$26,520 in 1966 have been eliminated.

2. Notes receivable

| | <u>Dec. 31 1967</u> | <u>Dec. 31 1966</u> |
|------------------------------------|-------------------------|-------------------------|
| Commercial instalment loans | 1,295,122 | 1,364,964 |
| Other commercial obligations | 20,126 | 20,101 |
| Re-posessions | 44,097 | |
| | <u>1,359,345</u> | <u>1,385,065</u> |
| Less: | | |
| Allowance for doubtful receivables | 79,327 | 68,753 |
| Unearned service charges | 123,865 | 134,024 |
| | <u>203,192</u> | <u>202,777</u> |
| | <u>\$1,156,153</u> | <u>\$1,182,288</u> |

The notes receivable arose from financing of purchases of trucks, automobiles and commercial equipment and are repayable in equal monthly instalments over a term which varies from 12 months to 60 months.

Service charges are credited to unearned service charges at the time when the notes are acquired and transferred to income monthly according to the sum of the digits method over the term of each contract.

3. Investment in other companies

| | <u>Dec. 31 1967</u> | <u>Dec. 31 1966</u> |
|---|-------------------------|-------------------------|
| Listed shares, at cost (quoted market value 1967 — \$278,160; 1966 — \$1,009,618) | 199,227 | 980,037 |
| Unlisted shares, at cost less allowance* | 427,781 | 293,457 |
| | <u>\$627,008</u> | <u>\$1,273,494</u> |

*Shares of O'Brien Gold Mines Limited are included above at cost less allowance for possible loss on realization of \$77,997 (1967); \$353,143 (1966).

4. Investment in Normco Limited

Included in the unlisted investments at December 31, 1967 are 500 shares of Normco Limited at a cost of \$319,026.

In May, 1968, 415 of these shares were sold for \$747,000 to the Canadian National Railway Company, Trustee for Canadian National Railways Pension Trust Fund. \$273,600 was received by the company at that time and the balance is due as follows:

\$236,700 on September 5, 1968

\$236,700 on July 4, 1969.

The company has become obligated, as a result of the above sale, to purchase land from Normco Limited for \$600,000 payable as follows:

\$60,000 on closing

\$540,000 five years after the closing date; interest on said sum being payable half-yearly at 7% per annum from the date of closing.

The company has guaranteed bank advances to Normco Limited to a limit of \$1,000,000.

5. Investment in joint realty development

During the year the company entered into an equal partnership with Peel Village Developments Co. Limited, a subsidiary of Peel-Elder Limited, for the acquisition and development of land for commercial, industrial and residential purposes. The summarized position of the partnership at December 31, 1967 is:

| | | |
|--|-----------------|------------------|
| Current assets | 555 | |
| Land held for future development, at cost | 522,319 | |
| Less: Mortgages payable | <u>354,500</u> | 167,819 |
| Deposits on offers to purchase land (Purchase price \$445,000; mortgages arranged \$346,000) | <u>16,500</u> | |
| | 184,874 | |
| Accounts payable | <u>97,948</u> | |
| Partners' equity | <u>\$86,926</u> | |
| Canadian Goldale Corporation Limited | 21,149 | |
| Peel Village Developments Co. Limited | <u>65,777</u> | <u>\$ 86,926</u> |

The partners' capital contributions have been equalized in 1968.

6. Revenue properties

Depreciation is recorded on a straight-line basis at the following rates:

Buildings — 1/35 of cost per annum

Furniture and appliances — 15% of cost per annum.

7. Mining claims

| | <u>Dec. 31 1967</u> | <u>Dec. 31 1966</u> |
|---|-------------------------|-------------------------|
| Patented mining claims, Tisdale Township, Ontario at cost less write-down of \$225,096 | 50,000 | 50,000 |
| Unpatented mining claims, Murphy Township, Ontario, at cost | 5,006 | 5,006 |
| Broken lot, Concession 1, Hindon Township, Ontario — nominal value | 1 | 1 |
| Unpatented mining claims, Copper- mine River Area, District of MacKenzie, Northwest Territories, at cost | 34,400 | |
| | <u>\$89,407</u> | <u>\$55,007</u> |

8. Mortgages payable

Mortgages are repayable in varying amounts to 1995 and bear interest at rates from 6½% to 7%. At December 31, 1967 they are comprised as follows:

| | |
|---------------------------------|--------------------|
| Mortgages on revenue properties | 9,749,451 |
| Amount due within one year | <u>390,609</u> |
| | <u>\$9,358,842</u> |

Principal amounts due on the mortgages in the next five years are as follows:

| | |
|------|-----------|
| 1968 | \$390,609 |
| 1969 | 248,611 |
| 1970 | 157,143 |
| 1971 | 166,249 |
| 1972 | 175,965 |

Canadian Goldale Corporation Limited and its Subsidiary Company
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 1967

(Continued)

9. Events subsequent to December 31, 1967

In addition to the transactions mentioned in Note 4, the company has purchased and sold investments subsequent to December 31, 1967 as follows:

75,000 treasury shares of Peel-Elder Limited have been purchased for \$825,000 pursuant to an agreement which also gives the company the option to purchase all or any part of an additional 37,500 shares at \$11.00 per share, exercisable on or before June 22, 1968.

Shares of other companies with a book value of \$100,010 at December 31, 1967 were sold in 1968 for \$98,423.

10. Income taxes

No provision has been made for income taxes, if any, which may arise in connection with amounts realized from investment transactions, since it is impracticable to estimate the amount, if any, of such taxes.

11. Remuneration of directors and senior officers

Aggregate direct remuneration paid by the company and its subsidiary to directors and senior officers (as defined by The Corporations Act, Ontario) for the year ended December 31, 1967:

| | |
|--|-----------------|
| Directors and senior officers | 23,687 |
| Senior employees (not officers or directors) | <u>12,973</u> |
| | <u>\$36,660</u> |

Canadian Goldale Corporation Limited and its Subsidiary Company

CONSOLIDATED STATEMENT OF DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1967

| | <u>1967</u> | <u>1966</u> |
|--|------------------|------------------|
| Balance at beginning of year | 215,433 | 560,478 |
| Add: | | |
| Loss for the year | 131,093 | |
| Write-down of mining claims in Tisdale Township, Ontario | | <u>225,096</u> |
| | <u>346,526</u> | <u>785,574</u> |
| Deduct: | | |
| Adjustment of prior year's income taxes | 6,109 | |
| Net profit for the year | | 43,770 |
| Profits less losses on sales of investments during the year | <u>276,989</u> | <u>526,371</u> |
| | <u>283,098</u> | <u>570,141</u> |
| Balance at end of year | <u>\$ 63,428</u> | <u>\$215,433</u> |

CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1967

| | <u>1967</u> | <u>1966</u> |
|---|---------------------|------------------|
| <u>Gross Revenue</u> | | |
| Rentals | 828,794 | |
| Earned service charges and interest on receivables | 161,222 | 157,431 |
| Investment income | <u>31,219</u> | <u>43,722</u> |
| | <u>\$1,021,235</u> | <u>\$201,153</u> |
| <u>Net Operating Income</u> | | |
| Net rental income before deducting depreciation | 54,812 | |
| Profit from operation of finance business, after deduction of provision for losses on receivables \$38,211 (1967); \$51,156 (1966) | 32,799 | 55,449 |
| Investment income | <u>31,219</u> | <u>43,722</u> |
| | <u>118,830</u> | <u>99,171</u> |
| Less: | | |
| Joint realty development — share of preliminary expenses | 4,851 | |
| Administrative and general expenses | 39,054 | 48,889 |
| Mining exploration | <u>22,710</u> | <u>6,512</u> |
| | <u>66,615</u> | <u>48,889</u> |
| Profit before depreciation and income taxes | <u>52,215</u> | <u>50,282</u> |
| Deduct: | | |
| Depreciation | 183,308 | 403 |
| Estimated income taxes | | <u>6,109</u> |
| | <u>183,308</u> | <u>6,512</u> |
| Net profit or loss () for the year | <u>\$ (131,093)</u> | <u>\$ 43,770</u> |

Canadian Goldale Corporation Limited and its Subsidiary Company

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1967

| | <u>1967</u> | <u>1966</u> |
|--|---------------------|-------------------|
| <u>Source of Funds</u> | | |
| Net profit for the year | | 43,770 |
| Depreciation | 183,308 | 403 |
| Mortgage loans | 9,862,763 | |
| Sale of investments | 1,408,842 | 1,694,065 |
| Adjustment of prior year's income taxes | 6,109 | |
| | <u>11,461,022</u> | <u>1,738,238</u> |
| <u>Application of Funds</u> | | |
| Net loss for the year | 131,093 | |
| Purchase of land, buildings, furniture and appliances | 10,472,862 | |
| Purchase of investments | 485,368 | 1,169,378 |
| Investment in joint realty development | 21,149 | |
| Mortgage payments | 503,921 | |
| Acquisition of mining claims | 34,400 | |
| Increase in sundry accounts receivable | 5,695 | 200 |
| | <u>11,654,488</u> | <u>1,169,578</u> |
| Increase (decrease) in working capital including notes receivable due after one year | <u>\$ (193,466)</u> | <u>\$ 568,660</u> |

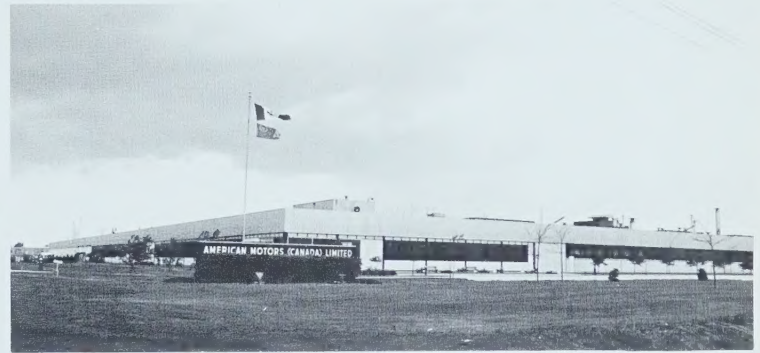
WORKING CAPITAL

(Including notes receivable due after one year)

| | <u>1967</u> | <u>1966</u> |
|--|-------------------|-------------------|
| Working capital (deficiency) at beginning of year | 529,329 | (39,331) |
| Increase (decrease) as above | (193,466) | 568,660 |
| Working capital at end of year | <u>\$ 335,863</u> | <u>\$ 529,329</u> |

PEEL VILLAGE, Brampton, Ontario

General offices for Peel-Elder Limited
and Canadian Goldale Corporation Limited.

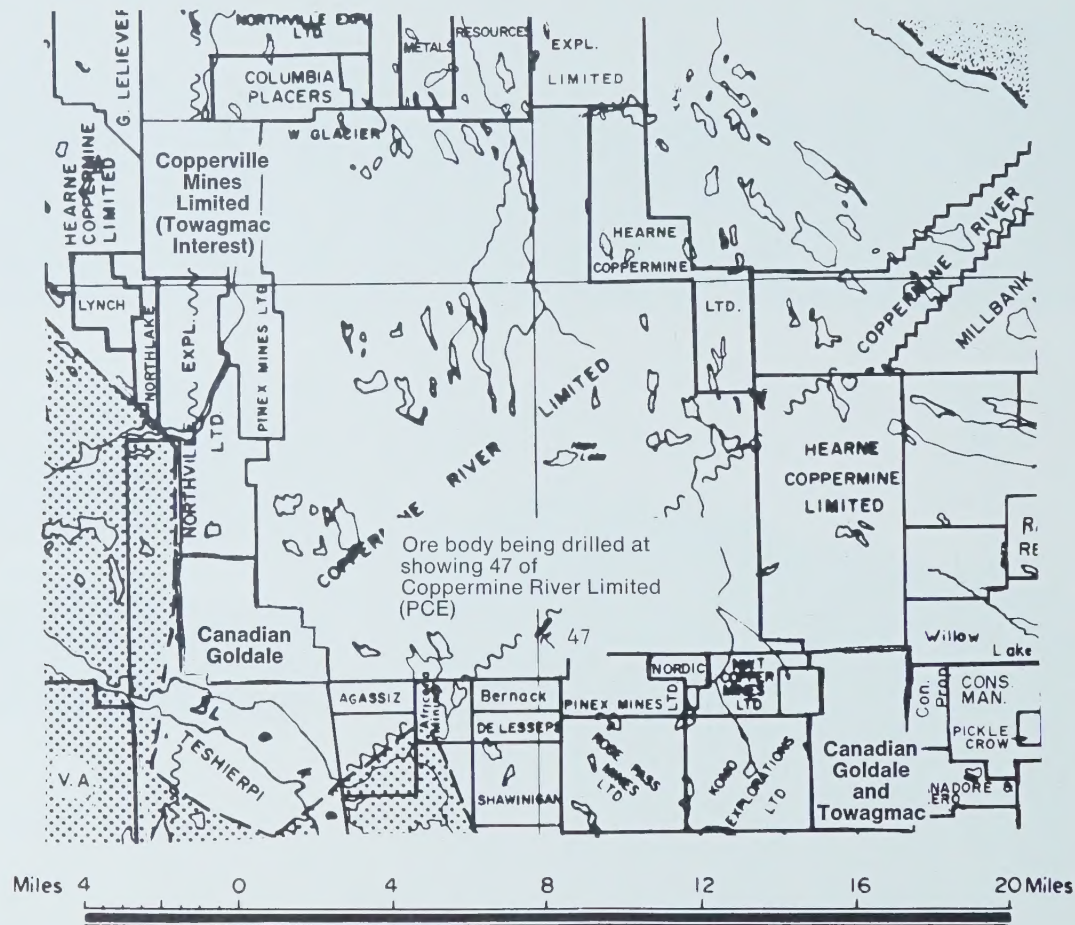


Part of The Peel Village Industrial Park.

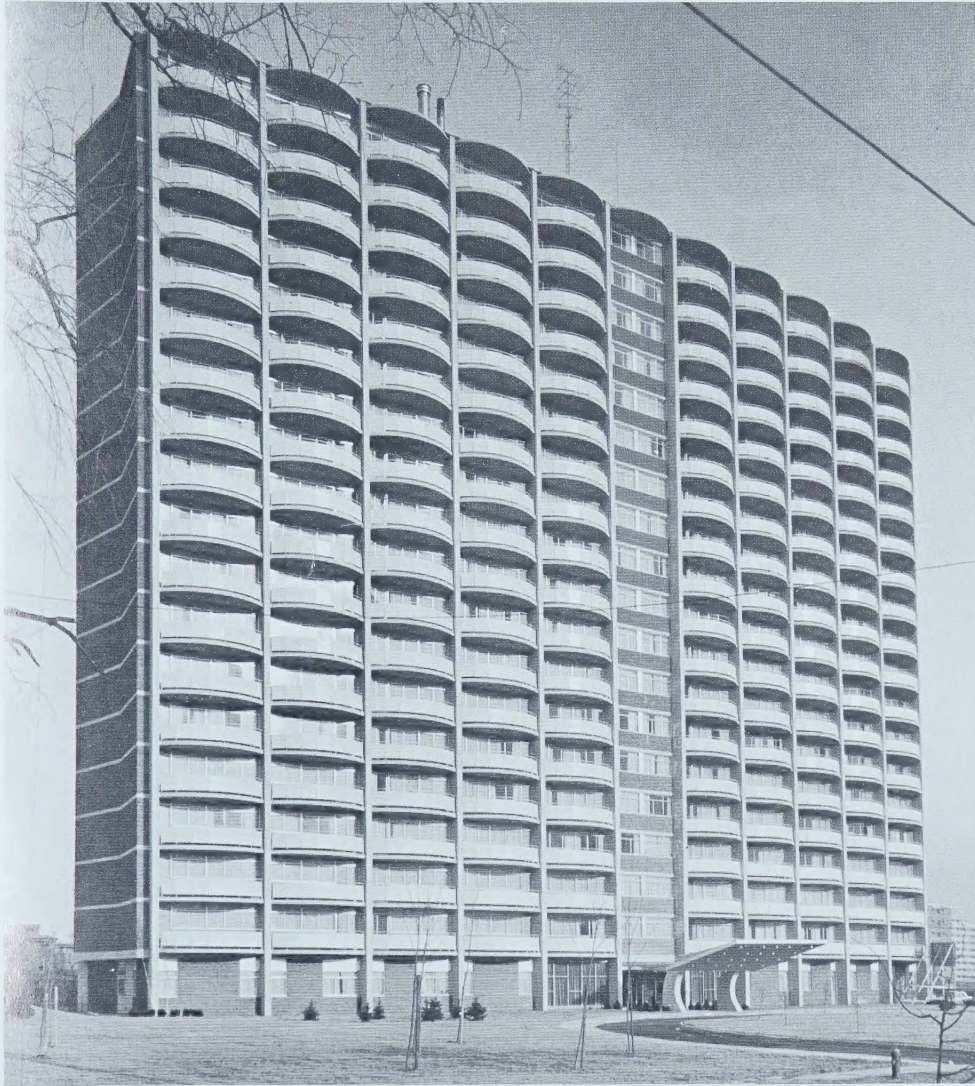
Some of the new construction taking place
at Peel Village.

CANADIAN GOLDALE CORPORATION LIMITED

Holdings in the Coppermine River Area in the Northwest Territories



THE COURTLEIGH, Don Mills, Ontario



SHOPPERS WORLD, Toronto, Ontario

